

REMARKS

Reconsideration and allowance of the above-identified application are respectfully requested. Claims 1-103 are now pending, wherein claims 1 and 102 are amended and claim 103 is added.

Claims 1-100 and 102 are rejected under 35 U.S.C. § 112, second paragraph as being indefinite. Although this ground of rejection is respectfully traversed, Applicants have amended independent claims 1 and 102 in order to expedite prosecution of this application. Accordingly, withdrawal of this ground of rejection is respectfully requested.

Claims 1, 2, 61, 62, 81, 82, 101 and 102 are rejected under 35 U.S.C. § 103(a) as being obvious in view of the combination of U.S. Patent No. 4,674,044 to Kalmus ("Kalmus"), "Disclosed Prior Art" (for which the Office Action cites to page 1 of the present specification), and Official Notice. This ground of rejection is respectfully traversed.

The combination of Kalmus, the "Disclosed Prior Art", and Official Notice does not render claim 1 unpatentable because the combination does not disclose or suggest a computer apparatus to:

compare all offers for sale and bids for purchase made in a single order entry period at the end of the order entry period;

match at least some of the compared offers for sale and bids for purchase;

record for each order entry period at least one benchmark trading rate representing a price at which transactions involving matched offers for sale and bids for purchase are executed without review of said price by traders that submitted the matched offers for sale and bids for purchase; and

make available electronically via the telecommunications network information regarding the offers and/or bids which have been matched, such information for each matched pair of offer and bid being sent only to the traders who made the matched offer and bid and such information including the identity of the traders responsible for each matched pair of offer and bid and the benchmark trading rate set for the transaction.

Kalmus is directed to an automated securities trading system for market makers. A "market maker acts as a principal, i.e., fills customer buy orders by selling the security *from the market maker's inventory position* (long or short), buying to increase a long position or reduce a short position for customer sell orders¹." In contrast to Kalmus' system in which a market maker's inventory is used to satisfy buy and sell orders, Applicants' claim 1 recites that offers for sale and bids for purchase are compared at the end of an order entry period. No such comparison is performed in Kalmus' system.

Nevertheless, the Office Action cites column 5, lines 31-45 of Kalmus as disclosing this comparison. This section of Kalmus discloses reviewing all non-executable orders to determine whether they have become executable in response to each insider market price change. These executable trades involve the market

¹ Col. 1, lines 29-33 (emphasis added).

marker's inventory. There is no disclosure or suggestion in this or any other section of Kalmus that *offers for sale* are compared with *bids for purchase*, much less making such a comparison at the end of an order entry period, as recited in Applicants' claim 1.

Since Kalmus' does not disclose or suggest comparing offers for sale and bids for purchase, Kalmus cannot disclose or suggest matching such offers and bids.

Regarding the recording of a benchmark trading rate recited in Applicants' claim 1, the Office Action cites the limit order price of Kalmus. It is respectfully submitted that one of ordinary skill in the art would not have provided such an interpretation to the limit order price of Kalmus.

As discussed in M.P.E.P. § 2111, “[t]he Patent and Trademark Office (“PTO”) determines the scope of claims in patent applications not solely on the basis of the claim language, but upon giving claims their broadest reasonable construction ‘in light of the specification as it would be interpreted by one of ordinary skill in the art’.”

The limit order price disclosed by Kalmus is set by a buyer or seller, and is the maximum price a buyer is willing to pay or the lowest price a seller is willing to accept. In contrast, the benchmark trading rate recited in Applicants' claim 1

² *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004).

represents a price in which transactions are executed "without review of said price by traders that submitted the matched offers for sale and bids for purchase." Because in Kalmus the buyer or seller sets the limit order price, this price is reviewed by the buyer or seller prior to execution of the trade. Therefore, one of ordinary skill in the art would not have considered the limit order price disclosed by Kalmus to be the same as the benchmark trading rate as recited in Applicants' claim 1.

Kalmus also does not disclose or suggest a trading system computer apparatus to "make available electronically ... information regarding the offers and/or bids which have been matched, such information for each matched pair of offer and bid *being sent only to the traders who made the matched offer and bid.*" (emphasis added). The Office Action cites column 5, lines 22-30 of Kalmus to reject this element of Applicants' claim. This section states that "information characterizing the executed order is sent to computer 13 for customers of that brokerage house ... [and t]he specifics of appropriate transactions are also reported to the NASD for informational purposes and to the Consolidated Tape Authority and so forth and may become stock ticker entries." Accordingly, this section discloses that information is sent to customers as well as to the NASD and Consolidated Tape Authority, and not "only to the traders who made the matched offer and bid" as recited in Applicants' claim 1.

The "Disclosed Prior Art" discusses that brokers "receive buying orders and selling orders and will match buyers to sellers at a price agreed between the buyer and seller³." This disclosure does not remedy all of the above-identified deficiencies of Kalmus.

Recognizing that Kalmus does not disclose or suggest the order entry periods of Applicants' claim 1, the Office Action takes Official Notice that "trading, matching or selling items in a succession of time-based periods, such as auction rounds, and completing such transaction at the end of said period is well known in the art of marketplace and auction management."⁴ Applicants' respectfully traverse this Official Notice and request that the next Office Action provide documentary evidence of this alleged well known process.

In contrast to the alleged well known marketplace and auction management methodologies, Applicants' claim 1 recites that the offers for sale and bids for purchase that are compared at the end of an order entry period and at least some of which are matched are executed without review at a price represented by a benchmark trading rate. Accordingly, it is respectfully submitted that the Patent Office provide documentary evidence in response to this traversal that discloses or suggests such. If the documentary evidence merely discloses a general marketplace or auction management methodology, then the next Office Action will need to provide an explanation of why one skilled

³ Page 1, lines 16-21 of the present application.

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in the art would have been motivated to use such a methodology in the automated market maker system of Kalmus.

Furthermore, it is respectfully submitted that the Office Action has not provided sufficient motivation to modify the automated market maker system of Kalmus by the alleged well-known marketplace or auction management methodologies. To support this modification the Office Action states that one of ordinary skill in the art would have been motivated because the modifications are "conventional and/or standard in the art of auction management." This reasoning, however, does not explain why one of ordinary skill in the art would have actually made such a change. In particular, Kalmus is not directed to an auction management system, but instead to an automated market maker system. Moreover, merely because something is well known does not make it obvious to modify another disclosure to include such features. If this ground of rejection is maintained, it is respectfully requested that the next Office Action provide evidence that one of ordinary skill in the art would have been motivated to combine Kalmus with the alleged well-known marketplace or auction management methodologies.

Because the combination of Kalmus, the "Disclosed Prior Art" and the Official Notice does not disclose or suggest all of the elements of Applicants' claim 1 and the Office Action has not provided sufficient motivation for one of

⁴ Page 7 of the Office Action.

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ordinary skill in the art to have made the modifications to Kalmus to arrive at Applicants' claimed invention, this combination cannot render Applicants' claim 1 obvious.

The combination of Kalmus, the "Disclosed Prior Art" and Official Notice does not render claim 101 obvious because the combination does not disclose or suggest

(a) transmitting bids and offers for financial instruments from a plurality of client computer apparatus to a trading system computer apparatus via a telecommunications network, said bids and offers specifying quantities but not specifying prices;

* * *

(c) processing the bids and offers submitted during a single order entry period at the end of the order entry period to generate matched bids and offers.

To reject Applicants' claim 101 the Office Action states that "bids and offers specifying quantities but not specifying prices" is disclosed by the market orders discussed in Kalmus. These orders are "where the customer will accept the currently prevailing market price⁵." The Office Action then relies upon Official Notice for the disclosure of using a succession of time-based periods and processing bids and offers at the end of an order entry period to generate matched bids and offers.

⁵ Col. 3, lines 4-6.

It is respectfully submitted that one of ordinary skill in the art would not have been motivated to modify the market order of Kalmus in such a way that it would be executed at the end of an order entry period because this modification would render the market order unsatisfactory for its intended purpose. Specifically, M.P.E.P. § 2143.01 V., citing *In re Gordon*⁶, states that “[i]f [a] proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification.”

As would have been recognized by one of ordinary skill in the art, once a market order is placed it is executed at “the currently prevailing market price.” If a market order were modified in such a way that it was not executed until the end of an order entry period, it would no longer be considered a market order by those skilled in the art. Because the modification of the market order disclosed by Kalmus would render it unsatisfactory for its intended purpose, there would have been no motivation for one of ordinary skill in the art to make such a modification. Accordingly, this modification is clearly based upon improper hindsight reconstruction where the sole reason to make such a modification is to reject Applicants’ claims and not based upon what would have been considered obvious to one of ordinary skill in the art.

⁶ 733 F.2d 900 (Fed. Cir. 1984).

The Office Action again relies upon the Official Notice being "conventional and/or standard in the art of auction management" as being the motivation for modifying Kalmus. For similar reasons to those discussed above, it is respectfully submitted that this motivation is not sufficient to establish obviousness under 35 U.S.C. § 103.

Because the Office Action has not provided prior art that, when combined, discloses or suggests all of the elements of Applicants' claim 101, and because one of ordinary skill in the art would not have been motivated to combine the cited prior art, the combination of Kalmus, the "Disclosed Prior Art" and Official Notice does not render this claim obvious.

The combination of Kalmus, the "Disclosed Prior Art" and the Official Notice does not render claim 102 obvious because the combination does not disclose or suggest all of the elements of this claim and the Office Action has not provided motivation to support such a combination.

The Office Action acknowledges that Kalmus does not disclose the particular processing of orders recited in Applicants' claim 102, but instead takes Official Notice that matching rules and priority rules are well known in the art. The Office Action does not, however, state that the particular order processing techniques recited in Applicants' claim 102 are well known. Instead, it appears that the Office Action is concluding, without providing a prior art disclosure, that the modification to the combination of Kalmus, the "Disclosed Prior Art" and the

Official Notice is obvious. This is not sufficient to establish a *prima facie* case of obviousness, which requires that "the prior art reference (or references when combined) must teach or suggest all the claim limitations."⁷

By not addressing the particular order processing techniques recited in Applicants' claim 102, the rejection of this claim is not based upon a consideration of the claimed invention as a whole. As discussed in M.P.E.P. § 2141.02 II., citing *W.L. Gore & Associates, Inc. v. Garlock, Inc.*⁸, "[d]istilling an invention down to the 'gist' or 'thrust' of an invention disregards the requirement of analyzing the subject matter 'as a whole'". The Office Action does not provide a prior art reference of the particular order processing techniques recited in Applicants' claim 102, but instead concludes that it would have been obvious "to allow for any prioritizing match criteria...that the inventor desired." By not providing prior art disclosing the particular order processing techniques recited in Applicants' claim 102 and merely concluding that these techniques are obvious, it appears that the Office Action is improperly distilling Applicants' claim 102 down to what the Examiner considers the gist or thrust of the invention, thereby disregarding the requirement to analyze the claimed invention as a whole.

To support the conclusion that it would have been obvious "to allow for any prioritizing match criteria...that the inventor desired," the Office Action

⁷ M.P.E.P. § 2143.

relies upon *In re Kuhle*⁹. This case is cited in the M.P.E.P. as holding that omission of an element and its function is obvious if the function of the element is not desired¹⁰ and that rearrangement of parts is obvious¹¹. Even if it were assumed that this case was sufficiently analogous to the facts of the present rejection, which it is not, the modification required to the combination of Kalmus, the "Disclosed Prior Art" and Official Notice is more than just a mere rearrangement of parts. Instead the modification is to remedy the lack of disclosure or suggestion by the combination of Kalmus, the "Disclosed Prior Art" and Official Notice of the particular processing of orders recited in Applicants' claim 102. Accordingly, *In re Kuhle* cannot be relied upon as holding that an obviousness rejection need not disclose or suggest all of the elements of Applicants' claims, as apparently asserted by the Office Action.

The motivation to support the modification of the combination of Kalmus, the "Disclosed Prior Art" and Official Notice further demonstrates that the rejection of Applicants' claim 102 is based on improper hindsight reconstruction. For example, the Office Action concludes that it "would have been obvious...to have modified Kalmus to allow for any prioritizing of the match criteria.. that the inventor desired¹²." Relying upon what the inventors of the present application desired clearly demonstrates that the rejection of Applicants' claim

⁸ 721 F.2d 1540 (Fed. Cir. 1983).

⁹ 526 F.2d 553 (CCPA 1975).

¹⁰ M.P.E.P. 2144.04 II. A.

¹¹ M.P.E.P. 2144.04 VI. C.

102 is not based upon what one of ordinary skill in the art would have considered obvious, but based upon the insight provided by the inventors in the present application. Moreover, the Office Action merely concludes that such a modification is obvious without providing any motivation for one of ordinary skill in the art, which is not sufficient to establish obviousness under 35 U.S.C. § 103.

A second obviousness statement in the rejection of Applicants' claim 102 is similarly deficient. This statement concludes that certain modifications to the combination of Kalmus, the "Disclosed Prior Art" and Official Notice would have been obvious "for such is conventional and/or standard in the art¹³." This, however, is not sufficient to support an obviousness rejection under 35 U.S.C. § 103, which requires that there be some motivation to combine and/or modify prior art references. Merely because something is conventional or standard does not explain *why* one of ordinary skill in the art would make such a combination or modification. It appears, therefore, that the rejection is improperly based on the "mere fact that references can be combined or modified¹⁴" or that such modifications are "well within the ordinary skill of the art¹⁵" both of which have been held not sufficient to establish a *prima facie* case of obviousness¹⁶.

¹² Page 13 of the Office Action.

¹³ Page 13 of the Office Action.

¹⁴ *In re Mills*, 916 F.2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990).

¹⁵ *Ex parte Levengood*, 28 USPQ2d 1300 (Bd. Pat. App. & Inter. 1993).

¹⁶ M.P.E.P. § 2143.01 III, IV.

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Claims 2-100 variously depend from claim 1. The secondary references relied upon to reject these claims do not remedy the above-identified deficiencies of the combination of Kalmus, the "Disclosed Prior Art" and the Official Notice. Accordingly, these claims are patentably distinguishable over any of these combinations for at least those reasons set forth above in connection with independent claim 1.

For at least those reasons set forth above, it is respectfully requested that the rejections of claims 1-102 be withdrawn.

New claim 103 depends from claim 101, and is patentably distinguishable over the current grounds of rejection for similar reasons to those discussed above with regard to claim 101.

In light of the above, it is respectfully submitted that the application is in condition for allowance. Should the Examiner have any questions regarding this response or feel that a telephonic or in-person interview with Applicants' representatives would be useful to clarify or expedite matters, he is invited to call the undersigned at the number provided below.

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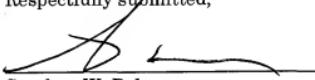
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If necessary to effect a timely response, this paper should be considered as a petition for an Extension of Time sufficient to effect a timely response, and please charge any deficiency in fees or credit any overpayments to Deposit Account No. 05-1323 (Docket #102636.58039US).

Respectfully submitted,

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